

## REMARKS

Claims 1-82 are in the application.

## REJECTIONS IN VIEW OF TEPER ET AL.

Claims 35-80 are rejected under 35 U.S.C. § 102(a) as being copied from Teper et al., US 5,815,665, allegedly without a prima facie assertion of priority of invention.

Claims 1, 3-7, 11-18, 20-24, and 28-34 are rejected under 35 U.S.C. § 103 as being obvious in view of Teper et al., US 5,815,665 alone.

Claims 2 and 19 are rejected as being obvious under 35 U.S.C. § 103 over Teper et al. in view of Reeder, US 5,852,812 and Riehl, US 5,852,812.

Claims 8-10 and 25-27 are rejected as being obvious under 35 U.S.C. § 103 over Teper et al. in view of Byrne et al., US 5,715,314 and Wilford et al., US 5,889,958.

The Examiner's rejection under 35 U.S.C. § 102(b) in view of applicants' October 24, 1995 press release is inconsistent with the allegation that applicants have not shown reduction to practice prior to the effective date of Teper et al. (see section 7 of Final Office Action). The Examiner takes the position that Applicants' own public activities anticipate the copied claims of Teper et al. Applicants' activities cannot serve as a public sale or public use bar unless they also show that applicant was in possession of the invention, in a form "ready for patenting" on that same date. Thus, the Examiner's factual and legal conclusions of anticipation makes clear that, in light of the Examiner's satisfaction, the cumulative evidence is abundant that applicants had actually reduced significant components of the invention to practice prior to October 24, 1995. Since the Examiner's decision is not made in a legal pleading, but rather in the manner of an

administrative adjudication, inconsistent findings are impermissible and at least one of these rejections must be withdrawn.

Since the effective filing date of Teper et al. is April 3, 1996, after the October 24, 1995 date of the reference, the Examiner thus admits that applicant had reduced the invention to practice prior to the effective date of Teper et al., and therefore that no additional showing of due diligence between the time of conception and reduction to practice is required, as required by 37 C.F.R. § 1.131(a). (See section 8 of Final Office Action). Indeed, applicants have provided a substantial disclosure of materials evidencing an actual reduction to practice prior to April 3, 1996, the effective filing date of Teper et al. The "lapse of time between completion or reduction to practice of an invention and the filing of an application thereon" is not relevant to an affidavit or declaration under 37 CFR 1.131. See *Ex parte Merz*, 75 USPQ 296 (Bd. App. 1947).

#### PUBLIC SALE OR PUBLIC USE

Claims 1-82 are rejected under 35 U.S.C. § 102(b) as being anticipated by "Online Privacy", Red Hock Fair Digest (02/08/03) reporting an article "Clickshare(sm) alpha up; 'test drives' available" (10/24/95).

It is noted that the October 24, 1995 disclosure, and accompanying "use" were somewhat incomplete as compared to the final version. That disclosure specifically states:

Newshare Corp. begins shipping to selected publishers this week the alpha version of its breakthrough Clickshare(SM) system to track and settle Internet-wide micro-transactions.

"Clickshare removes one of the biggest barriers to the evolution of the Internet by giving users universal ID access to a free market for digital information," said

Bill Densmore, Newshare president and cofounder. "We the information -- and the user relationship -- remain physically controlled by the publisher."

Clickshare's personal Newshare.com topic profiling and custom-linking facilities are open for public use at <<http://www.clickshare.com/trvit.html>>. Transaction handling capabilities, and an initial base of Publishing Members, will be launched in early 1996.

"At that point, publishers will be able to sell each others' information for as little as a dime per click, exchanging royalties and commissions seamlessly," added Densmore. "Internet Service Providers will be able to act as on ramps into this content universe as well."

Clickshare requires no special software for consumers beyond their Web browser and costs a publisher as little as \$795 to join. Publishers can sell information by subscription or per query to their own users, and set all pricing. Newshare is now soliciting a broader group of "new" publishers.

Thus, this publication makes clear that the system as contemplated by the claims was NOT then available for public sale or use, since elements (b) and (d) of claim 1 and 18, were not available, and further that the system and method were available for alpha test (without fee, and thus without an accompanying "sale" or "offer for sale"). That is, the test was not intended for commercial purposes. This was in fact an experimental use to determine whether substantial elements of the invention were suitable and acceptable for their intended use, and such experiments were required to determine whether human users would accept the methodology, or whether aspects would require alteration to be usable. The substantial utility of the system required a consideration of subjective issues of privacy, security, utility, and convenience, and thus was reasonably believed by applicants/assignee (Clickshare) to require public testing before it was deemed ready for patenting. It is clear that while Assignee did indeed publish prospective pricing, the activities in October, 1995, were not themselves commercial. No sale could have been made, since what was available was provided for free.

MPEP 2133.03(e) Permitted Activity; Experimental Use provides:

The question posed by the experimental use doctrine is "whether the primary purpose of the inventor at the time of the sale, as determined from an objective evaluation of the facts surrounding the transaction, was to conduct experimentation." *Allen Eng'g Corp. v. Bartell Indus., Inc.*, 299 F.3d 1336, 1337, 63 USPQ2d 1769, 1780 (Fed. Cir. 2002), quoting *EZ Dock v. Schnabel Sys., Inc.*, 276 F.3d 1347, 1355-57, 61 USPQ2d 1289, 1295-96 (Fed. Cir. 2002) (Linn, J. concurring). Experimentation must be the primary purpose and any commercial exploitation must be incidental. Moreover, the experimental activity must have a nexus with the claimed invention. In other words, testing must be performed to "perfect claimed features, or features inherent to the claimed invention." *SmithKline Beecham Corp. v. Apotex Corp.*, \_\_\_ F.3d \_\_\_, 2004 WL 868425 (Fed. Cir. April 24, 2004) (holding that clinical trials to gain FDA approval were not "experimental use" because the claimed invention was a chemical compound that was reduced to practice when synthesized; the FDA trials had no relationship to the claimed invention because the testing was directed to the compound's unclaimed intended use).

If the use or sale was experimental, there is no bar under 35 U.S.C. 102(b). "A use or sale is experimental for purposes of section 102(b) if it represents a bona fide effort to perfect the invention or to ascertain whether it will answer its intended purpose. If any commercial exploitation does occur, it must be merely incidental to the primary purpose of the experimentation to perfect the invention." *LaBounty Mfg. v. United States Int'l Trade Comm'n.*, 958 F.2d 906, 3071, 22 USPQ2d 1025, 1028 (Fed. Cir. 1992) (quoting *Perrin Corp. v. Akzona Inc.*, 740 F.2d 1573, 1581, 212 USPQ 833, 838 (Fed. Cir. 1984)). "The experimental use exception does not include market testing where the inventor is attempting to gauge consumer demand for his claimed invention. The purpose of such activities is commercial exploitation and not experimentation." *In re Smith*, 714 F.2d 1127, 1124, 218 USPQ 976, 983 (Fed. Cir. 1983).

The pertinent Federal Circuit law applicable to on-sale bars is as summarized as follows:

*In re Kollar*, 286 F.3d 1306, 62 USPQ2d 1425 (Fed. Cir. Apr. 13, 2002) (patent right to process was merely licensed, [and was not] this does not make process itself "on sale")



Vernon F. Minton v. National Ass'n of Securities Dealers, Inc., 236 F.3d 1373, 67 USPQ2d 1614 (Fed. Cir. July 30, 2003) (opposite outcome as in In re Kollar, where fully operating program was leased by the critical date)

Lacks Indus., Inc. v. McKennitt Vehicle Components USA, Inc., 322 F.3d 1335, 66 USPQ2d 1083 (Fed. Cir. Mar. 13, 2003) (industry customs like selling and offers for sale) are relevant to the on-sale bar inquiry)

Minnesota Mining & Mfg. Co. v. Chemque, Inc., 343 F.3d 1294, 64 USPQ2d 1270 (Fed. Cir. Aug. 30, 2002) (Providing potential customers with samples of a product, without providing any other terms, is not a commercial offer for sale, because the recipient could not act in such a way that would create a contract.)

Allen Eng'g Corp. v. Bartel Indus., Inc., 299 F.3d 1336, 63 USPQ2d 1769 (Fed. Cir. Aug. 1, 2002) (experimental use exception to on-sale bar looks to whether the primary purpose at the time of the sale was to conduct experimentation, not merely whether the product was undergoing testing)

New Railroad Mfg., L.L.C. v. Vermeer Mfg. Co., 295 F.3d 1290, 63 USPQ2d 1843 (Fed. Cir. July 30, 2002) (Judge opines that there should be no on-sale bar when inventor gives product to a third party (and makes no money), and the third party uses the product to make money)

EZ Dock, Inc. v. Schaefer Sys., Inc., 276 F.3d 1347, 61 USPQ2d 1289 (Fed. Cir. Jan. 15, 2002) (multi-factored analysis for experimental use survives Pfaff).

Linear Technology Corp. v. Micrel, Inc., 275 F.3d 1041, 61 USPQ2d 1225 (Fed. Cir. Dec. 28, 2001), cert. filed \_\_\_ U.S. \_\_\_ (2002) (No. 02-39) (promotional activities that occur before a company is able to book sales cannot be an "offer for sale"; test is made by looking for "common denominator" to UCC law)

Space Sys./Loral, Inc. v. Lockheed Martin Corp., 271 F.3d 1076, 60 USPQ2d 1861 (Fed. Cir. Nov. 13, 2001) (conception of invention does not alone make the invention "ready for patenting")

Scaltech, Inc. v. Retsof Tech., L.L.C., 270 F.3d 1321, 60 USPQ2d 1687 (Fed. Cir. Oct. 23, 2001) (on-sale bar begins ticking at reduction to practice, even if invention has not yet been conceived)

Group One, Ltd. v. Hallmark Cards, Inc., 254 F.3d 1091, 59 USPQ2d 1121 (Fed. Cir. June 15, 2001) (on-sale bar "offer for sale" as measured by general contract law (as influenced by the UCC))

Robotic Vision Sys., Inc. v. View Eng'g, Inc., 244 F.3d 1307, 58 USPQ2d 1723 (Fed. Cir. May 7, 2001) (enabling explanation to co-worker provided evidence that invention was "ready for patenting" for on-sale bar)

Crystal Semiconductor Corp. v. Intel Microelectronics Intl. Inc., 246 F.3d 1336, 57 USPQ2d 1557 (Fed. Cir. Mar. 7, 2001) (IMOL of validity not appropriate when disputed facts indicated that patentee may have booked sales without an experimental purpose before the critical date)

Monon Corp. v. Stoughton Trailers, Inc., 239 F.3d 1688, 57 USPQ2d 1699 (Fed. Cir. Feb. 7, 2001) (genuine issues regarding experimental use prevented summary judgment that on-sale bar applied)

Lampi Corp. v. American Power Prods., Inc., 228 F.3d 1365, 56 USPQ2d 1445 (Fed. Cir. Sept. 28, 2000) (declarations during trademark prosecution regarding a first sale date did not create judicial estoppel on the on-sale bar issue)

STX LLC v. Bone, Inc., 211 F.3d 588, 54 USPQ2d 1547 (Fed. Cir. Apr. 13, 2000) (patentee faces on-sale bar even though preferred embodiment was not perfected; preamble is not claim limitation)

Helifix Ltd. v. Bick-Bok, Ltd., 208 F.3d 1339, 54 USPQ2d 1299 (Fed. Cir. Apr. 7, 2000) (invention was not "ready for patenting" at trade show because brochure distributed at show was not enabling [but couldn't it be prior art for what it enabled? see Beckman Instrument] and there was no evidence that a tool meeting the claim limitations had been reduced to practice)

Vanmoor v. Wal-Mart Stores, Inc., 201 F.3d 1363, 53 USPQ2d 1377 (Fed. Cir. Jan. 10, 2000) (invention can be ready for patenting under 35 USC 102 if it is reduced to practice or if the inventor has prepared documents sufficiently specific to enable a skilled artisan to practice the invention)

Scaltech, Inc. v. Rotac-Tera, L.L.C., 178 F.3d 1378, 50 USPQ2d 1055 (Fed. Cir. June 4, 1999) (no summary judgment of on-sale bar because evidence did not make clear that an embodiment of the claimed invention was offered for sale)

Weatherchem Corp. v. J.L. Clark, Inc., 163 F.3d 1329, 49 USPQ2d 1001 (Fed. Cir. Dec. 7, 1998) (on-sale bar applies to offer for sale where invention was adequately complete to be patented, even though inventor was still working out some wrinkles)

C.R. Bard, Inc. v. M3 Sys., Inc., 157 F.3d 1340, 48 USPQ2d 1225 (Fed. Cir. Sept. 30, 1998) (Chief Judge Mayer finds offer for sale in letter sent to doctor, even though device had not received FDA approval, had not gone through trials, and the design had not been finalized; Judge Bryson finds an offer for sale in activities that the patentee argued were an experimental use; Judge Newman dissented, noting that the former offer was of a product still in development, while the latter was more of an "informational exchange of price information" than a sale.)

It is clear therefore that applicants did not intend to commercialize or commercially exploit the invention on or around October, 1995, and therefore an "on sale" bar would not apply. Through industry custom and applicants' practice, an alpha test without charge of under development software is for the purposes of experimentation. The potential issue of public use has been negated through a substantial showing of experimental use. Likewise, there is simply no evidence nor even assertion by the Examiner that the inventors' purpose of the alpha test was anything but experimentation. In accordance with law, it is the inventors' subjective intent in conducting the activities that is relevant. For this purpose, the most useful evidence is the contemporaneous statements of the inventor, which, in the October 24, 1995 release, indicate that elements of the system remained unavailable for inclusion in the test, and thus we can presume that the subjective intent of the inventors was that further development was required before the invention was ready for patenting. In fact, a review of the source code appendix to the application and declarations of record indicate that development indeed did occur subsequent to October 24, 1995, thus showing actions consistent with this presumed intent.

MPEP 2133.03(e)(3) provides:

2133.03(e) Permitted Activity: Experimental Use (R-2)

The question posed by the experimental use doctrine is "whether the primary purpose of the inventor at the time of the sale, as determined from an objective evaluation of the facts surrounding the transaction, was to conduct experimentation." *Allen Eng'g Corp. v. Bartell Indus., Inc.*, 299 F.3d 1336, 1354, 63 USPQ2d 1769, 1780 (Fed. Cir. 2002), quoting *EZ Dock v. Schuler Sys., Inc.*, 276 F.3d 1347, 1356-57, 61 USPQ2d 1289, 1295-96 (Fed. Cir. 2002) (Linn, J., concurring). Experimentation must be the primary purpose and any commercial exploitation must be incidental. Moreover, the experimental activity must have a nexus with the claimed invention. In other words, testing must be performed to perfect claimed features, or features inherent to the claimed invention." *SmithKline Beecham Corp. v. Apotex Corp.*, \_\_\_ F.3d \_\_\_, 2004 WL 868425

(Fed. Cir. April 24, 2004) (holding that clinical trials to gain FDA approval were not "experimental use" because the claimed invention was a chemical compound that was reduced to practice when synthesized; the FDA trials had no relationship to the claimed invention because the testing was directed to the compound's unrelated intended use).<

If the use or sale was experimental, there is no bar under 35 U.S.C. 102(b). "A use or sale is experimental for purposes of section 102(b) if it represents a bona fide effort to perfect the invention or to ascertain whether it will answer its intended purpose. If any commercial exploitation does occur, it must be merely incidental to the primary purpose of the experimentation to perfect the invention." *LaBounty Mfg. v. United States Int'l Trade Comm'n*, 958 F.2d 1086, 1071, 32 USPQ2d 1025, 1028 (Fed. Cir. 1992) (quoting *Pennwalt Corp. v. Alozora Inc.*, 740 F.2d 1573, 1581, 222 USPQ 834, 838 (Fed. Cir. 1984)). "The experimental use exception does not include market testing where the inventor is attempting to gauge consumer demand for his claimed invention. The purpose of such activities is commercial exploitation and not experimentation." *In re Smith*, 714 F.2d 1127, 1134, 218 F.SPO 976, 983 (Fed. Cir. 1983).

#### 2133.03(e)(3) "Completeness" of the Invention [R-2]

#### EXPERIMENTAL USE ENDS WHEN THE INVENTION IS ACTUALLY REDUCED TO PRACTICE

Experimental use "means perfecting or completing an invention to the point of determining that it will work for its intended purpose." Therefore, experimental use "ends with an actual reduction to practice." *RCA Corp. v. Data Gen. Corp.*, 887 F.2d 1056, 1061, 12 USPQ2d 1449, 1453 (Fed. Cir. 1989). If the examiner concludes from the evidence of record that an applicant was satisfied that an invention was in fact "complete," awaiting approval by the applicant from an organization such as Underwriters' Laboratories will not normally overcome that conclusion. *InterRoyal Corp. v. Simmons Co.*, 204 USPQ 562, 566 (S.D.N.Y. 1979); *Skit Corp. v. Rockwell Manufacturing Co.*, 358 F. Supp. 1257, 1261, 178 USPQ 562, 565 (N.D.Ill. 1973), *aff'd*, in part, *rev'd* in part, *sub nom.*, *Skit Corp. v. Lacerne Products Inc.*, 503 F.2d 745, 183 USPQ 396, 399 (7th Cir. 1974), *cert. denied*, 420 U.S. 974, 183 USPQ 65 (1975). >See also *SmithKline Beecham Corp. v. Apotex Corp.*, \_\_\_ F.3d \_\_\_, 2004 WL 868425 (Fed. Cir. April 24, 2004) (holding that because a claim to a chemical compound was reduced to practice when it was made, subsequent testing for FDA approval was not "experimental use"). < See MPEP § 2133.03(c) for more information of what constitutes a "complete" invention.

The fact that alleged experimental activity does not lead to specific modifications or refinements of an invention is evidence, although not conclusive evidence, that such activity is not within the realm permitted by the statute. This is especially the case where the evidence of record clearly demonstrates to the examiner that an invention was considered "complete" by an inventor at the time of the activity. Nevertheless, any modifications or refinements which did result from such experimental activity must at least be a feature of the claimed invention to be of any progressive value. *In re Theis*, 610 F.2d 786, 793, 204 USPQ 148, 194 (CCPA 1979).

#### DISPOSAL OF PROTOTYPES



Where a prototype of an invention has been disposed of by an inventor before the critical date, inquiry by the examiner should focus upon the intent of the inventor and the reasonableness of the disposal under all circumstances. The fact that an otherwise reasonable disposal of a prototype involves incidental income is not necessarily fatal. In *re Dybel*, 524 F.2d 1393, 1399 n.5, 187 USPQ 593, 597 n.5 (CCPA 1975). However, if a prototype is considered "complete" by an inventor and all experimentation on the underlying invention has ceased, unrestricted disposal of the prototype constitutes a bar under 35 U.S.C. 102(b). In *re Binsdell*, 242 F.2d 779, 113 USPQ 289 (CCPA 1957); contra, *Watson v. Allen*, 254 F.2d 342, 117 USPQ 68 (D.C. Cir. 1958).

Applicants specifically disagree that the October 24, 1995 release itself anticipates the claimed invention. The release itself simply has insufficient detail to anticipate as a published reference any of the claims. Rather, the correct analysis is that it is the alpha test that would be the basis of a public use rejection. Applicants have above responded why all such activities should be considered an experimental use, and therefore that the rejection under 35 U.S.C. § 102(b) in view of applicants' own publications should be withdrawn.

#### ANTICIPATION OF CLAIMS 81 AND 82 BY FERGUSON ET AL.

Claims 81-82 are rejected as being anticipated by Ferguson et al., US 5,819,092.

Claim 81 requires, in element (a), "a plurality of separate user registration databases", which are not believed to be taught or suggested by Ferguson et al. The examiner appears to interpret Figure 1 reference numerals 170, 180 as showing separate user registration databases. However, it is respectfully noted that reference numeral 180 is an X-Windows client, and as well known, this architecture is not typically used in a manner which performs local database processing in conjunction with remote database processing, that is, the X-Windows system serves as a terminal and therefore would not meet the requirements of the claim element. The "local service repository" is merely a

data cache for storing information from the main service repository 107. Ferguson et al. describe a corresponding functionality for the Macintosh client 170 as well. Element (a) of claim 82 is likewise distinguished.

Applicants provided herewith copies of two Declarations submitted in the related application 09/599,163, which further describe the Source Code Appendix and the development of the invention.

### CONCLUSION

It is therefore respectfully submitted that applicants have shown that there was an actual reduction to practice prior to April 3, 1996; that the Examiner has admitted that applicants' activities in October, 1995 and thereafter demonstrate that the invention was reduced to practice; that any use prior to the statutory bar date was experimental and non-commercial; that applicants' subjective intent was to continue developing the technology and therefore believed that it was not then ready for patenting; and that Ferguson et al. do not teach or suggest the features of claims 81-82.

It is respectfully submitted that the claims are allowable and the requested interference should be allowed to proceed.

Respectfully submitted,



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